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AMERICA'S CREDIT UNIONS

October 30, 2013

Legislative & Regulatory Activities Division
Office of the Comptroller of the Currency
400 7th St, SW
Washington, DC 20219

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Robert deV. Frierson, Secretary
Board of Governors
Federal Reserve System
20th Street and Constitution Ave, NW
Washington, DC 20245

Alfred M. Pollard, General Counsel
Federal Housing Finance Agency
400 7th Street, SW
Washington, DC 20024

Robert E. Feldman, Executive Secretary
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Regulations, Office of General Counsel
Dept. of Housing & Urban Development
451 7th Street, SW
Washington, DC 20410

Re: RIN 2590-AA43; Credit Risk Retention Proposal

Dear Sirs and Madams,

The Georgia Credit Union League (GCUL) appreciates the opportunity to comment on the "Proposed Rule of the Federal Housing Finance Agency regarding Credit Risk Retention". As a matter of background, GCUL is the state trade association and one member of the network of state leagues that make up the Credit Union National Association (CUNA). GCUL serves approximately 139 Georgia credit unions that have over 1.9 million members. This letter reflects the views of our Regulatory Response Committee, which has been appointed by the GCUL Board to provide input into proposed regulations such as this.

GCUL appreciates that the definition of qualified residential mortgage (QRM) in this proposal is identical to the Consumer Financial Protection Bureau's (CFPB) QM definition. This would make it easier for credit unions to comply with the new rule. We also support expanding the types of loans that are eligible as QRMs, such as closed-end loans secured by a dwelling, second and vacation homes, and subordinate liens if they meet the definition of QM. We believe the flexibility provided in this proposed rule will benefit a number of creditors and borrowers, who might otherwise be adversely affected by an overly narrow definition.

We are concerned, however, that QM/QRM mortgages will become the "standard", and therefore the only type of mortgage that regulators will permit or that the secondary market will accommodate.

We also have misgivings about the requirement that QM and QRM impose a 43% DTI ratio cap on the borrower. We believe this requirement is too restrictive. A consequence of this restrictive requirement could be that eligible borrowers that should qualify for a mortgage loan due to their ability to repay the obligation, may not be able to obtain a mortgage loan, or will have to pay higher rates and fees than other borrowers.

GCUL does support the proposal's definition of residential mortgage by reference to Regulation Z. We agree with the agencies that, by defining residential mortgage in this way, relevant definitions in the proposed rule and in the CFPB's rules on and related to QM are harmonized to reduce compliance burden and complexity, and the potential for conflicting definitions and interpretations where the proposed rule and the QM standard intersect.

Last, but not least, we strongly oppose the QM-Plus alternative to the QRM, and urge the agencies to reject it. We believe fewer loans would qualify as a QRM and would be exempt from risk retention under this alternative. One of the aspects of QM-Plus that we find overly restrictive is the requirement of a 30 % down payment. We find this down payment amount extremely excessive. This requirement would have a significant impact on first-time homebuyers by delaying or outright preventing their ability to purchase a home. This would also reduce the number of loans eligible for QRM status. Therefore, we ask the agencies to eliminate the QM-Plus as a possible alternative to QRM as we believe this will have a negative impact on many credit unions defined as small creditors under the CFPB's QM rule, not to mention the members of these credit unions. If the agencies choose to continue with the QM-Plus, we zealously ask you to incorporate exemptions that would provide flexibility for federally insured mortgage lenders.

GCUL appreciates the opportunity to present comments on behalf of Georgia's credit unions. Thank you for your consideration. If you have questions about our comments, please contact Selina Gambrell or Cindy Connelly at (770) 476-9625.

Respectfully submitted,

Selina M. Gambrell

Selina M. Gambrell
Compliance Specialist